

**TREMONTON CITY CORPORATION
REDEVELOPMENT AGENCY
October 6, 2015**

Board Members Present:

Roger Fridal, Chairman

Jeff Reese, Board Member

Byron Wood, Board Member

Lyle Holmgren, Board Member

Diana Doutre, Board Member - excused

Bret Rohde, Board Member

Shawn Warnke, Executive Director

Darlene Hess, Executive Secretary

Chairman Fridal called the Tremonton Redevelopment Agency Meeting to order at 7:51 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Chairman Fridal, Board Members Reese, Wood, Holmgren, and Rohde, Executive Director Warnke, and Executive Secretary Hess. Board Member Doutre was excused.

1. Approval of agenda:

Motion by Board Member Reese to approve the October 6, 2015 agenda. Motion seconded by Board Member Holmgren. Vote: Board Member Rohde - aye, Board Member Wood - aye, Board Member Reese - aye, and Board Member Holmgren - aye. Motion approved.

2. Approval of minutes – July 7, 2015

Motion by Board Member Wood to approve the minutes of July 7, 2015. Motion seconded by Board Member Rohde. Vote: Board Member Rohde - aye, Board Member Wood - aye, Board Member Reese - aye, and Board Member Holmgren - aye. Motion approved.

3. New Business:

- a. Discussion and consideration of adopting Resolution No. RDA 15-08 adopting a Property Tax Increment Reimbursement Agreement between the Tremonton City Redevelopment Agency and Tremont Center, LLC

Executive Director Warnke stated the City created a project area which includes the Tremont Center, LLC greenfield site, which is 38 acres and most of Main Street down to 200 East. There were two objectives in creating this project area: (1) the development of the Tremont Center; (2) using the Tremont Center site as the catalyst to help redevelop and revitalize Main Street.

Executive Director Warnke stated the project will take on two different forms of investment in infrastructure; investing in the Tremont Center, LLC site as there are some unique infrastructure needs relative to burying the canal, power lines, and demolishing existing houses. The whole development of the Tremont Center site envisions up to about two million dollars of tax increment for infrastructure. The other two million dollars in the project budget will be used to help revitalize Main Street with street trees, streetlights, improvements of the public plaza, façade renovations, etc.

Executive Director Warnke stated that in order to realize any tax increment, there needs to be new taxable value created in the boundary of the project area. The best opportunity for new taxable value will come through the development of the 38 acre Tremont Center site, which is currently a greenfield and is being taxed at a very minimal amount through Greenbelt classification. As that property is developed in the Tremont Center, which is where the increase in taxable value comes from that the RDA is able to capture.

Executive Director Warnke stated the project area is already set in place and explained that what will be done tonight is for the RDA to enter into an agreement to decide how to prioritize how that money is to be spent.

Executive Director Warnke stated, after speaking with Mr. Micah Capener and considering all the factors, he would propose prioritizing the infrastructure on site for Tremont Center, LLC, which would include such things as burying the canal, burying the power lines, demolishing the existing homes, landscaping and public plaza improvements, etc. Essentially, the first two million dollars would go to Tremont Center, LLC for the actual cost of improvements. There are some triggers in the agreement that hope to protect the RDA and essentially encourage the developer to make these improvements.

Executive Director Warnke stated they are still working on finalizing the agreement, which doesn't currently include Attorney Dustin Ericson's comments, or comments from Finance Director Curtis Roberts and Mr. Capener and asked the RDA to approve the agreement with some allowances for changes.

Executive Director Warnke summarized the agreement stating the developer will get the first two million dollars of tax increment for primary improvements for the Tremont Center. Thereafter, the RDA and the developer will be on equal footing at that point for receiving tax increment for landscaping and beautification projects, until the developer reaches the cap for improvements of \$2,334,000. The RDA will receive the increment thereafter for 15 years up to \$4,300,000, which has been authorized by the taxing entities.

Chairman Fridal stated the developer is going to want to start the improvements before tax increment is received and asked if the developer will have to borrow

money in order to get started. Executive Director Warnke stated that financing will be up to the developer. The agreement is clear that there are no guarantees of reimbursement or tax increment, but the idea is for the developer to show a potential stream of revenue associated with this agreement that will help in securing financing.

Executive Director Warnke stated he has spoke with Mr. Capener who feels comfortable about this version of the agreement with some minor changes. The agreement does require the developer to start the primary improvements within two years and finish the improvements within four years. Mr. Capener has asked for consideration in not requiring him to finish the required improvements faster than needed.

Board Member Rohde stated he wasn't comfortable with not giving Mr. Capener a deadline for completion. Board Member Wood stated he would not sign an agreement with a four year completion deadline if he was Mr. Capener. Starting within two years is reasonable, but completing the improvements in four years would be difficult. Board Member Reese agreed but stated a date needs to be locked in or the RDA will not get approved. Executive Director Warnke stated Mr. Capener would like to do more improvements quicker, but do them judiciously.

Board Member Reese stated he didn't have a problem with allowing Mr. Capener six years to complete the improvements. Board Member Rohde stated he is okay with setting a timeframe; he is not okay with having it open-ended. Board Member Reese reiterated it would never get approved if it were left open-ended. Executive Director Warnke stated Mr. Capener is ready to move forward and would like to get the agreement approved as quickly as possible, but if the RDA doesn't feel comfortable with the agreement, it could be tabled, a special meeting could be held, or they could allow him some flexibility to make the changes.

Board Member Reese stated he didn't have a problem with allowing the flexibility of six years until completion of the improvements and asked Board Member Rohde how he felt. Board Member Rohde stated he will need to declare a conflict of interest as he owns a business on Main Street but feels like all of Main Street needs to be developed, not just Tremont Center. Board Member Reese stated part of this RDA includes downtown Main Street. Board Member Rohde agreed but stated it is at the end after Tremont Center is developed and then the RDA will start reaching out to the other businesses on Main Street and suggested developing it all together.

Executive Director Warnke stated that is his concern to. The first reiteration of the agreement allowed Mr. Capener to take 100% of the increment for up to eight years, but Mr. Capener is taking a lot of risk and his development is the catalyst that gives the potential opportunity to revitalize Main Street. With that investment

and risk, the RDA needs to prioritize it. In actuality, if someone is not taking a risk and investing in Main Street, there is no tax increment to be had.

Executive Director Warnke stated the City Council could start using Capital Projects Fund and start developing Main Street. Board Member Wood stated Mr. Capener is taking all the risk and the City has nothing on the hook. This project will help develop the City and bring in sales tax. Board Member Wood stated he has a business in town also and doesn't feel like this project will encumber him. Board Member Holmgren asked if there are items the City Council could start focusing on now. Board Member Reese agreed to use some of the Capital Projects Funds to start working on downtown at the same time as the RDA moves forward.

Executive Director Warnke stated the City could start doing some projects on Main Street and enter into a reimbursement agreement with the RDA, knowing that it may or may not be reimbursed the full amount depending on the tax increment. Board Member Reese stated the City is in the position to do some projects on Main Street and it might look better to do those while the Tremont Center, LLC project is in process. Executive Director Warnke stated Public Works Director Paul Fulgham has cost estimates for some projects that could be done such as street lighting. Director Fulgham stated the cost for street lighting, with the City doing the labor, would be \$16,000 per ½ block, which includes cutting up sidewalk and putting in conduit and light fixtures. Sidewalks could also be replaced and the City could look at doing planter boxes along Main Street as well. Board Member Holmgren agreed that would be better than waiting until the end of the project and hoping something will be there.

Mr. Capener arrived at the meeting at 8:16 p.m. Executive Director Warnke stated that the RDA has discussed the deadline for completion of improvements. It was agreed that starting improvements in two years was acceptable, but there has been discussion on the deadline of having improvements completed in four years.

Chairman Fridal stated it was discussed having a six year completion deadline for improvements and asked Mr. Capener if he would be comfortable with that. Mr. Capener stated his only concern is why there is a limit on how long it takes to have the improvements completed. By delaying some of those expenses will leave more money in the pot for the remaining repairs to be completed on Main Street. Generally the issue comes back to financing and when, how, and how much the improvements will cost is unknown. The canal burial is currently under design and once they have the construction drawings, they can put it out to bid and see exactly where those numbers are. It all depends on how much can be financed and what the banks will work with since there are no guarantees for reimbursement.

Mr. Capener stated he is willing to take the risk, but they may have to take longer in order to get it done. They want to get the improvements done as quickly as possible, but have to make sure they physically can get them done. Chairman

Fridal stated the consensus from the Board is that they don't like the idea of having an open-ended agreement for years to complete improvements and need to come up with a manageable date in the agreement to work towards. Mr. Capener stated he was not opposed to picking a date; the concern was just with the four-year timeline as he is sure they will still have improvements that will need to be completed by then.

Board Member Rohde stated he was comfortable with placing a completion date for improvements at six years on the agreement and if at that time Mr. Capener needs more time to complete the project, it can be adjusted at that time. Board Member Reese agreed. Mr. Capener stated he was comfortable with that.

Executive Director Warnke stated there is a City storm drain project needed on this site with a projected cost of \$236,000. Impact fees could be collected over time to develop that, but it would essentially require the City to fund that project in the near future. In speaking with Finance Director Roberts, the best way to do that would be through an inter-fund loan. That project is an allowable use of increment, but it would be proposed to fund the project internally.

Motion by Board Member Wood to approve Resolution No. RDA 15-08 with the flexibility to add the final comments from Attorney Ericson, Finance Director Roberts, and Mr. Capener, leaving the start date for improvements at two years and changing the completion date for improvements to six years. Motion seconded by Board Member Holmgren. Roll Call Vote: Board Member Rohde - aye, Board Member Wood - aye, Board Member Reese - aye, and Board Member Holmgren - aye. Motion approved.

4. Adjournment

Motion by Board Member Reese to adjourn the meeting. Motion seconded by Board Member Wood. Vote: Board Member Rohde - aye, Board Member Wood - aye, Board Member Reese - aye, and Board Member Holmgren - aye. Motion approved.

The meeting adjourned at 8:24 p.m.

The undersigned duly acting and appointed Executive Secretary for Tremonton City Corporation Redevelopment Agency hereby certifies that the foregoing is a true and correct copy of the minutes for the RDA Meeting held on the above referenced date. Minutes were prepared by Linsey Nessen.

Dated this _____ day of _____, 2016.

Darlene Hess, Executive Secretary